

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2070**

March 27, 2009

**SUMMARY OF BILL:** Requires the county clerk to verify county residency of persons registering or renewing automobiles. Also requires the county clerk to maintain a copy of the applicant's driver license for two years and makes the clerk liable to the applicant's county of residence for one and a half times the amount charged by the applicant's county of residence for wheel taxes. Requires persons who failed to pay applicable wheel tax pay all outstanding fees owed for prior years before being issued a renewal. Requires the Department of Revenue to provide a list of names, driver license numbers, and addresses of drivers to counties upon request.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$5,994,400**

**Increase State Expenditures - \$9,400/One-Time**

**\$101,400/Recurring**

**Decrease Local Revenue - \$7,445,200**

**Increase Local Expenditures - Exceeds \$3,087,500\***

**Other Fiscal Impact - Some counties may experience an increase in revenue if back wheel taxes are paid. The amount will depend on the number of persons who have been registering in a county where they do not maintain a residence.**

**Assumptions:**

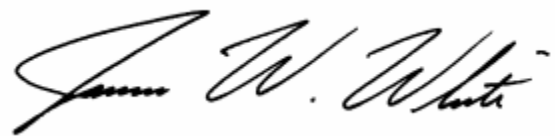
- According to the Department of Revenue (DOR), 517,923 vehicles are registered in Tennessee but are not registered with a Tennessee home address. DOR assumes 50 percent of these vehicles belong to persons in the military and the remaining 50 percent (258,962) belong to students and other persons who register in Tennessee but do not maintain a home address in Tennessee. Excluding these registrations will result in a decrease in state revenue of \$5,567,683 (258,962 x \$21.50).
- Excluding these registrations will result in a decrease in local revenue of \$7,445,158 (258,962 x \$28.75 average county wheel tax).

- There are 213,336 leased vehicles where the owner or lessor does not have a Tennessee home address. There is a \$2 fee to register leased vehicles, resulting in an additional decrease in state revenue of \$426,672 (213,336 x \$2).
- DOR will require two new Taxpayer Representative 2 positions to conduct research on registrations going back more than three years (county clerks only have access to three years of data). Recurring state expenditures will increase \$101,352 (\$52,752 salary, \$35,400 benefits, \$13,200 other). One-time state expenditures will increase \$9,400 for computers and office landscaping.
- Requiring county clerks to verify residency will result in eliminating online renewal and renewal by mail. Because of increased foot traffic, each county is estimated to require an additional position to handle automobile registrations and renewals. Assuming a salary of \$25,000 and benefits of \$7,500 for a total compensation of \$32,500, local government expenditures are estimated to increase at least \$3,087,500 (\$32,500 x 95 counties).

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/kmc